

Good morning Mr. Chairman and Committee members. My name is Jack Logan. I am appearing as a fact witness on a volunteer basis. I have not received any compensation from Mrs. Womack or anyone else nor will I accept any compensation in the future.

Last year, on March 17, I testified before this committee on behalf of Mrs. Womack's claim and you have a copy of that testimony. Today, thanks to Rep. O'Brien and Senator Doyle we are re-appearing. At the conclusion of last year's hearing, the committee chairman was concerned that the claim violated Article One of the State Constitution prohibiting the issue of 'exclusive public emoluments', that is the receipt by an individual of a exclusive financial benefit from the state that is not available to other citizens, and he referred the matter of legal research on the claim to your Office of Legislative Research.

The reply from that office did not connect this claim to the issue of 'exclusive public emolument' and stated the same reason for rejection of the claim as given by the Attorney General's Office, that is, the violation of timely filing of the claim, which this committee has the statutory authority to remedy.

Mrs. Womack in 1999 applied for a state health grant to make her house safe from lead paint poisoning. I was the person, acting as an independent contractor for the New Britain Lead-Based Paint Hazard Reduction Program, who processed her application and explained the terms of the program to her. She agreed to a lien in favor of the City of New Britain and the State Department of Economic Development which would only be utilized if, within ten years, she sold the house to a family whose income exceeded the guidelines of the program. The lead paint abatement was completed and her two young children were protected.

A year later while trying to re-finance the mortgage on her house, the City would not co-operate. The state DECD agreed to co-operate and told the City to "subordinate our portion of the lien" which the City refused to do. Mrs. Womack then had to pay the City \$6,938, and DECD \$11,241 in order to get the release of the lien and complete the re-finance of her house mortgage.

I told her she was abused and should get a lawyer to get her money back. She did and has incurred legal fees of approximately \$15,000. In 2005 she obtained justice from Judge Robinson in New Britain Superior Court, who, prior to the start of the trial, after reading the complaint and my deposition, urged the City to return her \$6,938 which they did.

The completion of the lawsuit against the City in her favor was communicated to DECD anticipating they would likewise return her check to them in the amount of \$11,241. They refused and within a year of the denial her claim was filed with the Claims Commission.

The Claims Commission denied her claim using a time line that we believe is inappropriate.

We respectfully ask that you correct this injustice by DECD by reversing the decision of the Claims Commissioner and giving Mrs. Womack her money back from the State of Connecticut.

Thank you for your consideration.

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House Joint Resolution No. 94
Judiciary Committee Hearing
March 20, 2009

Good afternoon. My name is Jack Logan. I reside at 318 Hartford Ave., Wethersfield. I am appearing as an interested fact witness for Mrs. Womack. I am doing this on a volunteer basis and have not received any personal compensation in the past nor will I in the future. I retired from the business world in 1991. For most of my career I worked at Connecticut Bank and Trust Co. and Society for Savings in Hartford as a Vice-president in real estate lending.

I have always had an interest in making a contribution of my time and experience with non-profit, affordable housing organizations. I have been serving for over 20 years as a member of the board of directors of Broad-Park Development Corp. and Connecticut Hosing Investment Fund, both based in Hartford. I also am a volunteer member of the Fair Housing Task Force on predatory lending and I do volunteer mortgage delinquency counseling.

From 1995 until 2000 I worked as a paid independent contractor for the New Britain Lead-Based Paint Hazard Reduction Program as the grant coordinator. This was a \$2.2mm program sponsored by the Federal Office of Housing and Urban Development (HUD) and the State Departments of Health and Economic Development. With a total of \$10mm in federal and state funds, five towns, Hartford, New Britain, Waterbury, Norwich and New London were given grants.

HUD guidelines required that the funds be used for lead paint remediation in houses occupied by residents whose annual family income did not exceed 80% of the area's median income. My job was to take the individual applications from New Britain residents, and review their pay statements and tax returns to determine eligibility for the grant program. To be sure that the house or apartment continued to be occupied by residents making no more than 80% of median income, the property owner would sign an Agreement and a Notice of Lien, a copy of which I have attached to my remarks.

The Notice of Lien was then filed by me on the land records. It's sole purpose as it states, is to be sure that, for the next ten years, if the property is sold to someone who does not qualify for the program's income limits, then the balance of the grant must be re-paid.

If a repayment was made, DECD allowed the balance of the HUD portion of the funding to be retained by the City for re-use in the lead-abatement program.

The program was designed as a health measure. Lead paint, as you know, is detrimental to the health of a child. It was a grant and not a loan program. This is an important factor in Mrs. Womack's petition to you.

If it was a city or state sponsored loan program for property repairs or purchase, then the applicant would have undergone a much more rigorous loan review process including a credit report, a title search and a property appraisal before any funds were advanced.

In 1998, three years after the lead abatement program started, and I had processed the applications of 24 eligible property owners, I began to receive phone calls from three of the program participants who wanted to refinance their home mortgages. Since the attorney representing the mortgage lender in doing his title search would find the recorded 'Notice of Lien,' I would be requested to give the lender a Subordination Agreement, thus allowing the new mortgage to appear as the first lien on the public land records.

The lead abatement program's governing committee, which met weekly, and was headed by the New Britain Health Director, authorized, at my recommendation, the granting of the Subordination. Since the lead abatement program was a grant and not a loan repayment program, I was instructed by the program's director to have the subordination signed by the Mayor of New Britain as the chief elected official.

This I did for the first two requests and sent the signed subordinations to the mortgage lender's attorney.

The third subordination was reviewed by the City Corporation Counsel who wanted to get an okay from DECD as they were named in the Notice of Lien. DECD initially said no to the request as their standard loan repayment programs did not allow subordinations. The home owner protested- first to DECD and then to the governor's office and she obtained her subordination.

Then, in 2000, Lavonne Womack needed a Subordination to refinance her mortgage. She will address her efforts to get it, but she was unsuccessful and instead on June 1, 2000, at her mortgage closing, she paid off the balance of the grant, with her attorney's check, in the amount of \$ 6,938 to the City, and another check to DECD in the amount of \$11,241. The 'Notice of Lien' was then released from the land records.

I felt badly, as I had explained the program's requirements to her. Because neither a title search nor an appraisal was required, I never thought the City or DECD would object to a subordination request. I told her she was being badly abused and suggested she hire an attorney.

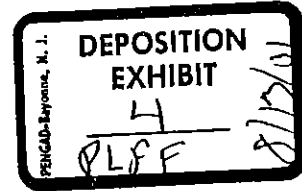
The law firm she hired filed the suit in New Britain Superior Court in October 2000. The reason the State was not named as a defendant was that by then DECD was letting the City make the decisions on subordination requests. The program did not involve any City funds, yet the City, like DECD had, was treating this grant program like their other payable loan programs that were fully underwritten with credit reports, title searches and property appraisals.

During her years of struggle, the DECD could have solved the problem simply, as it had been suggested, by returning to Mrs. Womack's her \$11,241 check and re-filing a 'Notice of Lien'. A simple solution, but it was not done.

Perhaps the best way to describe what happened is to quote an unnamed author who commented: "Bureaucracy makes an effective political forum for redressing grievances next to impossible."

I would urge the committee to apply the statutory interest rate allowable for this wrongful detention of money by the state.

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NOTICE OF LIEN

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Lavonne C. Womack of the City of New Britain, County of Hartford, and State of Connecticut, (hereinafter referred to as "grantee") has received or is now receiving a grant-in-aid from City of New Britain, provided with funds of the State of Connecticut, and the U.S. Department of Housing and Urban Development (HUD), in the amount of twenty-two thousand, seven hundred and twenty-five dollars (\$22,725.00) in conformance with and under the provisions of Section 8-219e of the Connecticut General Statutes, as from time to time amended.

NOW THEREFORE, in exchange for said grant-in-aid, grantee hereby gives a LIEN upon the real property described below for the aggregate amount of said grant-in-aid made to or on behalf of said grantee; and these presents shall and do constitute a LIEN in favor of the City of New Britain in the amount of eight thousand six hundred and seventy-two dollars (\$8,672.00) and the State of Connecticut, Department of Economic and Community Development, its successors or assigns in the amount of fourteen thousand and fifty-three dollars (\$14,053.00). Said LIEN shall guarantee the affordability of said property and shall guarantee to HUD repayment of the grant, as set forth below, if the property is sold or rented within ten years of the date hereof to a Buyer or tenant who does not qualify as to the maximum allowable income as established and periodically changed by the Federal Department of Housing and Urban Development (HUD), under the Residential Lead-Based Paint Hazard Reduction Act of 1992 (P.L. 102-550).

CITATION:

Being known as 28 Wallace Street, City of New Britain, County of Hartford, State of Connecticut, and more specifically described in Schedule A hereto.

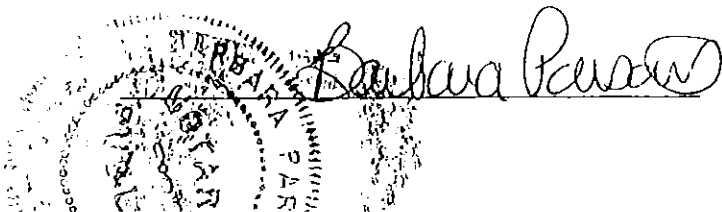
The City of New Britain and The Connecticut Department of Economic and Community Development hereby agree that on each anniversary of the date hereof, the balance due hereunder shall automatically be reduced by ten percent (10%) of the original amount and said LIEN shall fully expire, by its terms, ten years from the date hereof.

IN WITNESS WHEREOF, the grantee has executed, these presents, on this 14th day of November 1997, at New Britain, Connecticut.

Signed, sealed and delivered in the presence of:

WITNESS

BY: Lavonne C. Womack



Edward LaChance

03/22/2000 08:56 AM

To: Elliot Stone/ECONDEV
cc: Richard Cofrancesco/ECONDEV@ECONDEV, Terrie Alderman/ECONDEV@ECONDEV
Subject: Re: Loan Payoff

The Womack's have requested that a DECD and City lien relating to a lead paint project be subordinated so that they can refinance. Rich Cofrancesco already gave the City the go-ahead to subordinate our portion of the of the lien. The problem is that the City Development Department is now holding up the subordination while we're somehow still getting blamed for holding it up. I'll call the mortgage company and let them know, but I don't think there's anything for us to do.
Elliot Stone

Elliot Stone

03/21/2000 04:41 PM

To: Edward LaChance/ECONDEV@ECONDEV
cc:
Subject: Loan Payoff

Hi Ed!

Terry Alderman in our Fin. and Adm. Div. was called about a loan payoff of a lead loan in New Britain for the following people:

William and Lavonne Womack

Please contact Conesco Finance at 1-800-323-2107 and ask for Melissa in order to arrange what needs to be done.

Thanks.

Called 3/22/00

Spoke on 3/27/00